

# SUSTAINABILITY BOND FRAMEWORK 2019 ANNUAL REPORT

JULY 2019



**KOREA EAST-WEST  
POWER CO., LTD.**

# SUSTAINABILITY BOND FRAMEWORK

## 2019 Annual Report

July 2019

### Inaugural Issuance of Sustainability Bond

- Korea East-West Power Co., Ltd. (“EWP”) priced its inaugural Sustainability Bond in July 2018, in amount of US\$500 million with a 5-year tenor. EWP intends to use the net proceeds from the Sustainability Bond for renewable energy development, SMEs (supporting small and medium enterprises) and unprivileged target group.

### Allocation Report

- The net proceeds (US\$496,030,000) of EWP’s inaugural sustainability bond were allocated to EWP’s selected eligible projects during the year of bond issuance, in forms of financing and refinancing.
- From the total net proceeds, amount of US\$360.5 million, approximately 72.7% of the net proceeds, has been allocated to Eligible Projects in accordance with EWP’s Sustainability Bond Framework.
- Breakdown between new financing and refinancing:
  - New financing 38.4% (\$138.4 million)
  - Refinancing 61.6% (\$222.1 million)

#### Allocation of Net Proceeds by Eligible Categories

Eligible Project Categories	Amount (in 1,000 US\$)	Portion (%)
Renewable Energy	192,313	53.3%
SME Financing and Support for Underprivileged Target Groups	168,196	46.7%
<b>Total</b>	<b>360,509</b>	<b>100%</b>

#### Allocation by Key Projects

Category	Projects	Amount (in 1,000 US\$)	Financing (in 1,000 US\$)	Refinancing (in 1,000 US\$)
Renewable Energy	Solar Power	18,752	4,654	14,098
	Wind Power	10,531	-	10,531
	ESS	56,039	48,688	7,350
	Purchase of Renewable Portfolio Standard	106,991	45,833	61,159
SME Financing and Support for Underprivileged Target Groups	Job Creation	85,630	20,715	64,915
	Social Contribution	3,625	1,297	2,327
	SME Financing	19,408	4,096	15,312
	Support for Underprivileged Target Group	59,533	13,100	46,433
<b>Total</b>		<b>360,509</b>	<b>138,384</b>	<b>222,126</b>

### Management of Unallocated Position

- Unallocated portion of the net proceeds may be used for the payment of all or a portion of outstanding indebtedness, and/or temporarily invest in cash, cash equivalents, investment grade securities or other marketable securities and short-term instruments or other capital management activities.

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### Impact Report

#### • Renewable Energy (EWP's equity portion denoted in parenthesis)

Sectors	Generation Capacity (MW)	Power Generated (MWh)	CO2 Reduced (tCO2/MWh)*	Greenhouse Gas Reduced (GWP)*
Solar Power (EWP's equity portion)	188 (94)	369,779 (179,435)	172,058 (83,491)	172,787 (83,845)
Wind Power (EWP's equity portion)	204 (69)	449,436 (151,637)	209,123 (70,556)	210,008 (70,855)
<b>Total</b>	<b>392 (163)</b>	<b>819,215 (331,072)</b>	<b>381,181 (154,048)</b>	<b>382,795 (154,700)</b>

\* Note : Based on guideline on Greenhouse Gas Energy Target Management by the Ministry of Environment

#### • SME Financing and Support for Underprivileged Target Groups

Sectors	2015	2016	2017	2018	2019
Number of SME financed	605	558	734	734	467
Number of Job Created	26	47	101	157	49
Number of Beneficiaries (Underprivileged Target Groups)	148	120	114	134	67

### Case Studies

#### Chile Solar Power

- Chile Solar Project is EWP's first overseas renewable energy project, which consists of 12 separate plants with 8MW to 9MW generation capacity. EWP has 49% equity stake in US\$178 million project size in total.
- The project will be 105MW in capacity by 2020, and we expect 129,029 GHG emissions avoided annually, equivalent to 128,485 in tons of CO2. Project's annual energy production will be around 276 GWh.



#### Yeonggwang Wind Farm

- EWP has been developing large-scale onshore and offshore wind farms in Korea to meet its RPS requirements. EWP has 41% equity stake in US\$224 million project size in total.
- The project has 79.6MW capacity, and we expect 64,600 GHG emissions avoided annually, which is equivalent to 64,327 in tons of CO2. Project's annual energy production is expected to be around 138 GWh.

